



Contract #

045146

STATE OF UTAH CONTRACT

1. **CONTRACTING PARTIES:** This contract is between the following agency of the State of Utah:
Department of Transportation, Agency Code: 810, Project Development Division, referred to as (STATE), and the following CONTRACTOR:

SL Systems Technology, Inc.

Name

11540 Wyndcastle Drive

Address

Sandy
City**Utah**
State**84092-7113**
ZipContact Person
Federal Tax ID**Scott B. Lindgren**
84-1404773Phone # **801.572.1126**
Vendor # **47826C**Email **slingren@sisna.com**
Commodity Code # **20837000000****LEGAL STATUS OF CONTRACTOR**

- ☐ Sole Proprietor
☐ Non-Profit Corporation
☒ For-Profit Corporation
☐ Partnership
☐ Government Agency

2. **GENERAL PURPOSE OF CONTRACT:** The general purpose of this contract is to provide: **professional information technology services for the conversion and enhancement of the ePM MPS System using Oracle development tools.**
3. **PROCUREMENT:** This contract is entered into as a result of the procurement process on RX#, **810 46-114, FY 04, Bid# GM4051.**
4. **CONTRACT PERIOD:** Effective date **March 31, 2004** Termination date **March 30, 2006**, unless terminated early or extended in accordance with the terms and conditions of this contract.
5. **CONTRACT COSTS:** CONTRACTOR will be paid a maximum of **\$650,000.00** for costs authorized by this contract.
6. **ATTACHMENT A:** Division of Purchasing's Standard Terms and Conditions
ATTACHMENT B: Scope of Work and Pricing
ATTACHMENT C: Special Terms and Conditions

Any conflicts between Attachment A and other Attachments will be resolved in favor of Attachment A.

7. **DOCUMENTS INCORPORATED INTO THIS CONTRACT BY REFERENCE BUT NOT ATTACHED:**
- All other governmental laws, regulations, or actions applicable to the goods and/or services authorized by this contract.
 - Utah State Procurement Code, Procurement Rules, and CONTRACTOR'S response to Bid # **GM4051** dated **March 02, 2004.**

IN WITNESS WHEREOF, the parties sign and cause this contract to be executed.

CONTRACTOR

Scott B. Lindgren 3/31/04
Signature Date

Scott B. Lindgren, President & CEO**STATE**

Charles L. ... 3/31/04
Agency's signature Date

Director, Division of Purchasing

CONTRACT RECEIVED AND**PROCESSED BY****DIVISION OF FINANCE**

Director, Division of Finance

Date

Date

APR 09 2004**APR 12 2004**

James T. Phillips, C.P.M., A.P.P.
Agency Contact Person

801.965.3836
Telephone Number

801.9654073
Fax Number

jamesphillips@utah.gov
Email Address

(Revision 08/26/2003)

ENT'D MAR 09 2005

JUL 23 2005

ATTACHMENT A

STANDARD TERMS AND CONDITIONS

1. **AUTHORITY:** Provisions of this contract are pursuant to the authority set forth in 63-56, Utah Code Annotated, 1953, as amended, Utah State Procurement Rules (Utah Administrative Code Section R33), and related statutes which permit the State to purchase certain specified services, and other approved purchases for the State.
2. **CONTRACT JURISDICTION, CHOICE OF LAW, AND VENUE:** The provisions of this contract shall be governed by the laws of the State of Utah. The parties will submit to the jurisdiction of the courts of the State of Utah for any dispute arising out of this Contract or the breach thereof. Venue shall be in Salt Lake City, in the Third Judicial District Court for Salt Lake County.
3. **LAWS AND REGULATIONS:** Any and all supplies, services and equipment furnished will comply fully with all applicable Federal and State laws and regulations.
4. **RECORDS ADMINISTRATION:** The Contractor shall maintain, or supervise the maintenance of all records necessary to properly account for the payments made to the Contractor for costs authorized by this contract. These records shall be retained by the Contractor for at least four years after the contract terminates, or until all audits initiated within the four years, have been completed, whichever is later. The Contractor agrees to allow State and Federal auditors, and State Agency Staff, access to all the records to this contract, for audit and inspection, and monitoring of services. Such access will be during normal business hours, or by appointment.
5. **CONFLICT OF INTEREST:** Contractor represents that none of its officers or employees are officers or employees of the State of Utah, unless disclosure has been made in accordance with 67-16-8, Utah Code Annotated, 1953, as amended.
6. **CONTRACTOR, AN INDEPENDENT CONTRACTOR:** The Contractor shall be an independent contractor, and as such, shall have no authorization, express or implied, to bind the State to any agreements, settlements, liability, or understanding whatsoever, and agrees not to perform any acts as agent for the State, except as herein expressly set forth. Compensation stated herein shall be the total amount payable to the Contractor by the State. The Contractor shall be responsible for the payment of all income tax and social security amounts due as a result of payments received from the State for these contract services. Persons employed by the State and acting under the direction of the State shall not be deemed to be employees or agents of the Contractor.
7. **INDEMNITY CLAUSE:** The Contractor agrees to indemnify, save harmless, and release the State OF UTAH, and all its officers, agents, volunteers, and employees from and against any and all loss, damages, injury, liability, suits, and proceedings arising out of the performance of this contract which are caused in whole or in part by the negligence of the Contractor's officers, agents, volunteers, or employees, but not for claims arising from the State's sole negligence.
8. **EQUAL OPPORTUNITY CLAUSE:** The Contractor agrees to abide by the provisions of Title VI and VII of the Civil Rights Act of 1964 (42USC 2000e) which prohibits discrimination against any employee or applicant for employment or any applicant or recipient of services, on the basis of race, religion, color, or national origin; and further agrees to abide by Executive Order No. 11246, as amended, which prohibits discrimination on the basis of sex; 45 CFR 90 which prohibits discrimination on the basis of age; and Section 504 of the Rehabilitation Act of 1973, or the Americans with Disabilities Act of 1990 which prohibits discrimination on the basis of disabilities. Also, the Contractor agrees to abide by Utah's Executive Order, dated March 17, 1993, which prohibits sexual harassment in the work place.
9. **SEPARABILITY CLAUSE:** A declaration by any court, or any other binding legal source, that any provision of this contract is illegal and void shall not affect the legality and enforceability of any other provision of this contract, unless the provisions are mutually dependent.
10. **RENEGOTIATION OR MODIFICATIONS:** This contract may be amended, modified, or supplemented only by written amendment to the contract, executed by the same persons or by persons holding the same position as persons who signed the original agreement on behalf of the parties hereto, and attached to the original signed copy of the contract.
11. **DEBARMENT:** The Contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction (contract), by any governmental department or agency. If the Contractor cannot certify this statement, attach a written explanation for review by the State. The Contractor must notify the State Director of Purchasing within 30 days if debarred by any governmental entity during the Contract period.
12. **TERMINATION:** Unless otherwise stated in the Special Terms and Conditions, this contract may be terminated, with cause by either party, in advance of the specified termination date, upon written notice being given by the other party. The party in violation will be given ten (10) working days after notification to correct and cease the violations, after which the contract may be terminated for cause. This contract may be terminated without cause, in advance of the specified expiration date, by either party, upon 30 days prior written notice being given the other party. On termination of this contract, all accounts and payments will be processed according to the financial arrangements set forth herein for approved services rendered to date of termination.
13. **NONAPPROPRIATION OF FUNDS:** The Contractor acknowledges that the State cannot contract for the payment of funds not yet appropriated by the Utah State Legislature. If funding to the State is reduced due to an order by the Legislature or the Governor, or is required by State law, or if federal funding (when applicable) is not provided, the State may terminate this contract or proportionately reduce the services and purchase obligations and the amount due from the State upon 30 days written notice. In the case that funds are not appropriated or are reduced, the State will reimburse Contractor for products delivered or services performed through the date of cancellation or reduction, and the State will not be liable for any future commitments, penalties, or liquidated damages.
14. **SALES TAX EXEMPTION:** The State of Utah's sales and use tax exemption number is E33399. The tangible personal property or services being purchased are being paid from State funds and used in the exercise of that entity's essential functions. If the items being purchased are construction materials, they will be converted into real property by employees of this government entity, unless otherwise stated in the contract.

15. **WARRANTY:** The contractor agrees to warrant and assume responsibility for all products (including hardware, firmware, and/or software products) that it licenses, contracts, or sells to the State of Utah under this contract for a period of one year, as otherwise specified and mutually agreed upon elsewhere in this contract. The contractor (seller) acknowledges that all warranties granted to the buyer by the Uniform Commercial Code of the State of Utah apply to this contract. Product liability disclaimers and/or warranty disclaimers from the seller are not applicable to this contract unless otherwise specified and mutually agreed upon elsewhere in this contract. In general, the contractor warrants that: (1) the product will do what the salesperson said it would do, (2) the product will live up to all specific claims that the manufacturer makes in their advertisements, (3) the product will be suitable for the ordinary purposes for which such product is used, (4) the product will be suitable for any special purposes that the State has relied on the contractor's skill or judgment to consider when it advised the State about the product, (5) the product has been properly designed and manufactured, and (6) the product is free of significant defects or unusual problems about which the State has not been warned. Remedies available to the State include the following: The contractor will repair or replace (at no charge to the State) the product whose nonconformance is discovered and made known to the contractor in writing. If the repaired and/or replaced product proves to be inadequate, or fails of its essential purpose, the contractor will refund the full amount of any payments that have been made. Nothing in this warranty will be construed to limit any rights or remedies the State of Utah may otherwise have under this contract.
16. **PUBLIC INFORMATION:** Contractor agrees that the contract will be a public document, and may be available for distribution. and Contractor gives the State express permission to make copies of the contract and/or of the response to the solicitation in accordance with the State of Utah Government Records Access and Management Act. The permission to make copies as noted will take precedence over any statements of confidentiality, proprietary information, copyright information, or similar notation.
17. **DELIVERY:** Unless otherwise specified in this contract, all deliveries will be F.O.B. destination with all transportation and handling charges paid by the Contractor. Responsibility and liability for loss or damage will remain with Contractor until final inspection and acceptance when responsibility will pass to the State except as to latent defects, fraud and Contractor's warranty obligations.
18. **ORDERING AND INVOICING:** All orders will be shipped promptly in accordance with the delivery schedule. The Contractor will promptly submit invoices (within 30 days of shipment or delivery of services) to the State. The State contract number and/or the agency purchase order number shall be listed on all invoices, freight tickets, and correspondence relating to the contract order. The prices paid by the State will be those prices listed in the contract. The State has the right to adjust or return any invoice reflecting incorrect pricing.
19. **PAYMENT:** Payments are normally made within 30 days following the date the order is delivered or the date a correct invoice is received, whichever is later. All payments to the Contractor will be remitted by mail unless paid by the State of Utah's Purchasing Card.
20. **PATENTS, COPYRIGHTS, ETC.:** The Contractor will release, indemnify and hold the State, its officers, agents and employees harmless from liability of any kind or nature, including the Contractor's use of any copyrighted or un-copyrighted composition, secret process, patented or un-patented invention, article or appliance furnished or used in the performance of this contract.
21. **ASSIGNMENT/SUBCONTRACT:** Contractor will not assign, sell, transfer, subcontract or sublet rights, or delegate responsibilities under this contract, in whole or in part, without the prior written approval of the State.
22. **DEFAULT AND REMEDIES:** Any of the following events will constitute cause for the State to declare Contractor in default of the contract: 1. Nonperformance of contractual requirements; 2. A material breach of any term or condition of this contract. The State will issue a written notice of default providing a ten (10) day period in which Contractor will have an opportunity to cure. Time allowed for cure will not diminish or eliminate Contractor's liability for damages. If the default remains, after Contractor has been provided the opportunity to cure, the State may do one or more of the following: 1. Exercise any remedy provided by law; 2. Terminate this contract and any related contracts or portions thereof; 3. Impose liquidated damages, if liquidated damages are listed in the contract; 4. Suspend Contractor from receiving future solicitations.
23. **FORCE MAJEURE:** Neither party to this contract will be held responsible for delay or default caused by fire, riot, acts of God and/or war which is beyond that party's reasonable control. The State may terminate this contract after determining such delay or default will reasonably prevent successful performance of the contract.
24. **PROCUREMENT ETHICS:** The Contractor understands that a person who is interested in any way in the sale of any supplies, services, construction, or insurance to the State of Utah is violating the law, if the person gives or offers to give any compensation, gratuity, contribution, loan or reward, or any promise thereof to any person acting as a procurement officer on behalf of the State, or who in any official capacity participates in the procurement of such supplies, services, construction, or insurance, whether it is given for their own use or for the use or benefit of any other person or organization (63-56-73, Utah Code Annotated, 1953, as amended).
25. **CONFLICT OF TERMS:** Contractor Terms and Conditions that apply must be in writing and attached to the contract. No other Terms and Conditions will apply to this contract including terms listed or referenced on a Contractor's website, terms listed in a Contractor quotation/sales order, etc. In the event of any conflict in the contract terms and conditions, the order of precedence shall be: 1. State Standard Terms and Conditions; 2. State Special Terms and Conditions; 3. Contractor Terms and Conditions.

(Revision date: Nov 21, 2003)

SCOPE OF WORK AND PRICING

043146

BACKGROUND

The STATE's Electronic Program Management (ePM) system is a multiple-function Oracle database system. This system provides preconstruction project scheduling, management unit work schedules, project cost tracking, personnel timesheets, and process analysis and evaluation, as well as many other functions. The ePM system (excluding the Multiple Project Scheduler (MPS)) was converted about a year ago from ADABAS/Natural to Oracle.

The preconstruction project-scheduling tool is referred to as the Multiple Project Scheduler (MPS). Multiple project scheduling works by setting aside the man-hour resources necessary to complete each scheduled activity. There are approximately 100 preconstruction activities. Each activity for every project is assigned to a specialty Management Unit that has the technical expertise to do the work. MPS does a prioritized scheduling of all activities based on project completion date and those activities that are determined to be on the critical path within the activity network. Currently, there is only one project activity network that is used as a model for all of STATE's projects. Each activity is scheduled within the constraints of available resources and the consideration of all project development work that must be completed.

Currently, the MPS module is comprised of two Fortran modules, Unix Scripts, JCL, and PL/SQL. There is minimal existing documentation on the MPS module other than the code itself.

SCOPE OF WORK

The CONTRACTOR shall convert the existing MPS module from its current condition of multiple outdated programming languages into Oracle technology. The MPS module will be converted and enhanced to more accurately model STATE's current business practices. Additionally, modifications will be done on the existing database, forms, and reports to address these business changes. This is to be accomplished by but not limited to the following:

1. Complete conversion of the MPS module and enhancement modifications to ePM system, based on specifications provided based on the following:

- A. Convert the existing MPS module (primarily comprised of Unix scripts, Fortran, and PL/SQL) into Oracle technology.
- B. Explore and present a conversion plan.
- C. Simplify the processing taking place. Eliminate the multiple transferring of data from one programming language to another. Eliminate the generation of flat files.
- D. Determine how to handle the multi dimensional arrays that exist in the current MPS module
- E. Create subroutines and functions so repeat processes and calculations are consistent.
- F. Correct code that is not correctly resetting dates and code that is not correctly testing the network integrity.
- G. Standardize the business rules through out the MPS module.
- H. Capture important data so it can be displayed in existing and/or new forms and reports.
- I. Develop documentation for the new MPS module that explains and diagrams the processing taking place.
- J. Develop a new error tracking system.
- K. Use real numbers for the hours instead of integers.

2. Change Converted MPS module to reflect STATE's current business practices by:

- A. Incorporate the ability to have Multiple Project Activity Networks.
- B. Incorporate the ability to allow Negative Float. (Allow projects to be reflected as behind schedule.)
- C. Incorporate the ability to allow Multiple Management Units to be assigned to one activity.
- D. Capture the forced and normally scheduled hours for a management unit so that data can be displayed in existing and/or new forms/reports.
- E. Eliminate the unlimited manpower flag.
- F. Implement the ability to restrict forced scheduling of management units.

3. Make all necessary changes to MPS module, database, tables, forms, reports, and all other parts of the ePM system that may be affected to incorporate the ability to have Multiple Project Activity Networks. Numerous activity networks to model the various types of projects will help project schedules be more accurate.

- A. Create new and modify existing tables (approximately 4 tables impacted).
 - B. Develop new ePM Single Project Characteristics form(s) to accommodate User specified Activity Network.
 - C. Modify existing Single Project Scheduling (SPS) and MPS procedures.
 - D. Modify existing forms (approximately 6 forms impacted).
 - E. Modify existing reports.
4. Make all necessary changes to MPS module, database, tables, forms, reports, and all other parts of the ePM system that may be affected to incorporate the ability to have Negative Float on a project. Currently, the ePM system does not allow for negative float, so should an activity take longer than planned, the project completion date must be changed or another critical path activity duration shortened, thus creating inaccurate representations of the situation.
- A. Modify existing tables.
 - B. Modify PL/SQL code that validates time value.
 - C. Modify SPS procedure.
 - D. Modify MPS to remove validity check.
 - E. Modify existing forms (approximately 6 forms impacted).
 - F. Modify existing reports (approximately 2 reports impacted).
5. Make all necessary changes to MPS module, database, tables, forms, reports, and all other parts of the ePM system that may be affected to incorporate the ability to have Multiple Management Units Assigned to an Activity.
- A. Incorporate the ability to split responsibility for an activity between two management units.
 - B. Create new or modify existing tables (approximately 2 tables impacted).
 - C. Significant modification to existing PL/SQL.
 - D. Significant modification to existing ePM 220 form.
 - E. Modify existing forms/views (approximately 15 forms impacted).
 - F. Modify existing reports (approximately 10 reports impacted).
6. Conduct additional development or modifications as determined by Project Manager.
7. Extensive testing will be required. It is not likely comparison testing can be performed between the old and the new MPS module, due to the enhancement changes. Data to use in the testing of MPS may have to be generated.
8. There will be 15% holdback on work completed on each task until final testing and acceptance has been conducted. The project will be divided into manageable tasks and milestones to ease billing and retention. Upon completion of the testing and acceptance of a task, the amount of retention for that task will be released. There will be a 90-day test period of the completed MPS module before final acceptance of that task and final payment made.
9. Continual communication with Project Manager, ePM Staff, User's group, Steering Committee

PRICING

TEAM MEMBER	HOURLY RATE	RESPONSIBILITY
Scott B. Lindgren	79.50	Project Technical Lead. Serve as liaison between CONTRACTOR and STATE. Also will provide analysis, development, testing and documentation.
Shawn I. Shanley	79.50	Head Programmer/Analyst. Interpretation of FORTRAN code, analysis of studies and development, documentation and testing.
Alan Williams	79.50	Java Programmer.
Amber M. Lindgren	36.00	Document Writer/Tester/Programmer. Will provide system unit test plans documentation, testing analysis and some Forms and Reports modification

Based on the Scope the assumption is that a majority of the work performed will be conducted by two (2) full time programmer analyst and the combined rate will be \$159.00 per hour. Invoicing will reflect actual work performed.

ATTACHMENT C
SPECIAL TERMS AND CONDITIONS

- 1. Invoicing** CONTRACTOR shall submit invoices to STATE Project Manager:

Daniel Avila, Project Manager
Project Development
Utah Department of Transportation
Box 148425
Salt Lake City, Utah 84114-8425

The contract number shall appear on all invoices and correspondence.

Billings must be itemized, showing hours worked by each consultant with a clear definition of the project phase or task the work relates to. All billings must correlate to the project progress reports and submitted in a timely manner.

Upon approval of the invoice by the STATE Project Manager, payments will be made every two (2) weeks. STATE will remit payment by mail.

- 2. Final Payment** Final payment shall be made 90 days after final sign off for each task and deliverable, such as file translation, custom computer programming or project records, and system test materials and documentation have been received and accepted by the STATE Project Manager as accurate and complete.
- 3. Price Guarantees** The CONTRACTOR agrees the prices bid on services in this contract shall be guaranteed during the term of this Contract.
- 4. Notification** Notice given under this Contract shall be written, or sent by facsimile or other electronic means. Written notice shall be sent by registered or certified mail, postage prepaid, return receipt requested, or by any other overnight delivery service which delivers to the noticed destination and provides proof of delivery to the sender. Facsimile or other electronic notice must be followed within three (3) days by written notice. All notices shall be effective when first received at the following addresses:

If to CONTRACTOR:

Scott B. Lindgren
President & CEO
11540 Wyndcastle Drive
Sandy, UT 84092-7113

If to STATE:

James T. Phillips, C.P.M., A.P.P.
Procurement Coordinator
Box 148260
4501 South 2700 West
Salt Lake City, UT 84114-8260

with copies to:

Daniel Avila
Rebecka Stromness

- 5. Change in Personnel or Resources** No change in personnel or resources assigned to this project will be permitted without prior written approval of STATE's Project Manager.
- 6. Responsibility for Wages** The CONTRACTOR is responsible for all applicable company wages in accordance with the federal, state and local laws and ordinances.
- 7. Employment of State Employees** The CONTRACTOR agrees not engage in any way the services on this contract of any present or former STATE employee who was involved as a decision maker in the selection or approval process or who negotiated and/or approved billings or contract modification for this contract.
- 8. Non-Compete Agreements** The CONTRACTOR represents that its officers and employees are free to contract with the STATE and are not subject to restrictions by the terms of their present or past employment including, but not limited to, an agreement not to compete for a period of time, unless disclosure has been made. CONTRACTOR must

disclose to the STATE any possible conflicts, in writing, before the contract is signed, and the STATE will evaluate whether to continue with contract execution. The STATE may elect to terminate a contract immediately with CONTRACTOR who is subsequently determined to be subject to such restrictions, without liability to the STATE. If the STATE elects to terminate the contract for this reason, the STATE will supersede paragraph #12 in Attachment A - Standard Terms and Conditions, and will not provide 30 days prior notice to the CONTRACTOR.

- 9. Confidential Information** To the extent work under this contract requires the CONTRACTOR may be given access to confidential or proprietary business, technical, or financial information belonging to the STATE. The CONTRACTOR shall, after receipt thereof, treat such information as confidential. Both parties shall maintain, as confidential, and shall not disclose to any person outside its employ, nor use for purposes other than performance of this Contract, any specifications, drawings, blueprints, data, business information, or other confidential information which is learned by virtue of this Contract, except where required by law. CONTRACTOR agrees not to appropriate such information to their own use or disclose such information to other parties unless specifically authorized by the STATE in writing. The foregoing obligations, however, shall not apply to:
- Information, which, at the time of receipt by the CONTRACTOR, is in public domain.
 - Information, which is published after receipt by the CONTRACTOR, or otherwise, becomes part of the public domain through no fault of the CONTRACTOR.
 - Information, which the CONTRACTOR can demonstrate, was already in its possession at the time of receipt, and was not acquired directly or indirectly from the STATE.
 - Information, which the CONTRACTOR can demonstrate, was received from a third party who did not require the CONTRACTOR to hold such information in confidence.

- 10. Quality of Services** CONTRACTOR represents to STATE that it is experienced in and thoroughly familiar with all aspects of the services required hereunder and is properly qualified as applicable and is equipped, organized, and financially able to perform the services.

No changes in the services to be provided by CONTRACTOR under this Contract shall be made without STATE's prior written approval.

- 11. Development Standards** CONTRACTOR agrees that all software development tools used for design, development, source code control and programs, will follow STATE standard. All software development tools must receive prior approval by the Project Manager before being used in the development/design phase of the project.

- 12. Progress Reports** The CONTRACTOR will submit monthly progress reports following the format established by the STATE in sufficient detail to document the progress of the work and support the monthly claim for payment. The report is to be submitted at the same time as an invoice. Payments will not be made without a supporting progress report.

- 13. Conferences** The CONTRACTOR will prepare and present written information and studies to the STATE so it may evaluate the features and progress of the work. Either party may request a conference at a place designated by the STATE. The conferences shall also include inspection of the CONTRACTOR'S services and work products when requested by the STATE.

In regard to consultative work performed hereunder, the CONTRACTOR may be required to perform such additional work, during the warranty period, as is necessary to ensure any deliverable product hereunder meets the functional specifications as proposed by CONTRACTOR and approved by the STATE, or as otherwise agreed in writing as a part of this contract, without undue delays and without additional cost to the STATE.

- 14. Project Reviews** It is understood and agreed authorized representatives of STATE and, when federal funds are used, the Federal Highway Administration, shall have the right to review and inspect the work in process, and the CONTRACTOR facilities, at any time during normal business hours or by appointment.

- 15. Right of Future Development** The STATE reserves all rights to future development of this system, and is in no way required to obtain the services of the CONTRACTOR for these developments or release these developments to the CONTRACTOR.

- 16. Similar Products** Should the STATE independently design, develop, or acquire ideas and concepts identical or similar to those provided by or contained in the CONTRACTOR's product. CONTRACTOR agrees this Contract shall

not prevent STATE from using such ideas or concepts to design, develop, or require hardware or software for its use, provided STATE does not copy the CONTRACTOR's product.

- 17. Ownership of Work Product** CONTRACTOR agrees that any and all work product shall be the sole and exclusive property of STATE.

CONTRACTOR further agrees that STATE is and shall be vested with all rights, title, and interests, including patent, copyright, trade secret, and trademark rights in CONTRACTOR's work product produced under this Contract. CONTRACTOR shall not encumber said work product in any way or act(s) inconsistent with STATE's title thereto.

CONTRACTOR is required to execute all papers including patent applications, inventing assignments, and copyright assignments, and otherwise shall assist STATE at STATE's expense to perfect in STATE's rights, and other interests in CONTRACTOR's work product expressly granted to STATE under this Contract. All services, information, computer elements, programs, reports and other deliverables, which may be created and patented or copyrighted under any resulting contract, are the property of STATE, and shall not be used or released by the CONTRACTOR or any other person, except with prior written permission of STATE. If any material including hardware or software, which is currently held, patented or copyrighted, becomes a functioning part of the product delivered, STATE must be notified in advance in writing. STATE will give written approval to proceed.

All documents and data pertaining to work required by this contract will be the property of the STATE and must be delivered to the STATE within 10 working days after termination of the contract, regardless of the reason for termination; and without restriction or limitation to their further use. Cost to all the above items will be considered as included in the basic contract compensation of the work as described.

- 18. Intellectual Property Indemnity** Upon STATE's written notification to CONTRACTOR, CONTRACTOR shall defend, at its expense, any claim against STATE alleging the Services, or any part thereof, infringe on any patent, copyright, trademark, trade secret, mask work, or other intellectual property interest in any country, and shall pay all costs and damages awarded. If an injunction against STATE's use, sale, lease, license, other distribution of the Services or Product, or any part thereof, results from such a claim (or, if STATE reasonably believes such an injunction is likely), CONTRACTOR shall, at its expense, (and in addition to the CONTRACTOR's other obligations hereunder) and as STATE requests, obtain for STATE the right to continue using, selling, leasing, licensing, or otherwise non-infringing but functionally equivalent. The provisions of this section shall not apply to any claim for infringement resulting solely from CONTRACTOR's compliance with STATE's detailed design specifications, where provided.

- 19. Facilities and Materials** The CONTRACTOR and all personnel working under this contract shall not acquire, borrow, copy, or use in any manner software, documentation, or data on any STATE data processing facility for use other than as required to complete this contract.

- 20. Suspension of Work** Should the STATE desire to suspend the work, but not terminate the contract, this will be done by written confirmation. The work may be reinstated upon two (2) weeks advance written notice from the STATE. The STATE understands any such suspension of the work may affect both the time of performance and price to complete the work when reinstated.

- 21. Assignment of Contract** The CONTRACTOR shall not sublet, assign or transfer any part of this contract without prior written approval from STATE. Neither shall the provision of monies due under this contract be assignable without prior written approval of STATE.

- 22. Failure to Complete** At any time the CONTRACTOR determines the contract work cannot be completed within the specified time or budget, the CONTRACTOR must notify STATE in writing, immediately. The STATE may, at its sole discretion, extend the contract by written modification.

- 23. Non-Performance** If, at any time, CONTRACTOR fails to demonstrate the required expertise (as represented in the CONTRACTOR's proposal) or fails to meet acceptable standards of performance, the STATE reserves the right to require the CONTRACTOR to replace individual(s) with a competent individual(s). The STATE Project Manager must approve this replacement. If the CONTRACTOR fails to accomplish project objectives or meet schedule commitments established in meetings with the STATE Project Manager, this contract may be canceled immediately. If the STATE elects to terminate the contract for this reason, the STATE will supersede paragraph #12 in Attachment A - Standard Terms and Conditions, and will not provide 30 days prior notice to the CONTRACTOR.

24. Termination The occurrence of any of the following constitutes a breach by CONTRACTOR unless corrected by CONTRACTOR within two (2) weeks.

CONTRACTOR failure to perform services and/or deliver product on time.

Services performed and/or product delivered by CONTRACTOR does not conform with the terms set forth in this Contract.

CONTRACTOR fails to perform any material provision of this Contract.

CONTRACTOR assigns this Contract, or any obligation or rights hereunder. (The term "assign" to include, without limitation, a transfer of majority.)

CONTRACTOR sells or merges with a third-party (not a parent or subsidiary company) without the prior written consent of STATE.

CONTRACTOR becomes insolvent or makes an assignment for the benefit of creditors, or a receiver, or similar officer is appointed to take charge of all or part of CONTRACTOR's assets.

CONTRACTOR shall cure any of the above breaches and notify STATE of such cure within two (2) weeks from receipt of a notice to cure from STATE. If CONTRACTOR fails to cure, STATE may terminate this Contract by giving CONTRACTOR written notice. STATE shall have no liability to CONTRACTOR thereafter except for payment of any balance due for conforming services performed prior to the date of STATE's notice to cure. STATE may, at its option and without regard to CONTRACTOR's ability to cure, terminate this Contract for cause in the event of any second or subsequent instances of the above breaches by CONTRACTOR.

25. Termination for Other Than Non-Performance. If the STATE terminates for reasons other than non-performance, the CONTRACTOR is relieved of any performance responsibilities on the project, and the withheld performance guarantee amount will be released by the STATE. The estimated completion of projects may overlap in new fiscal years. (STATE fiscal year is from July 1, to June 30). If funding is not allocated for individual projects which overlap into the new fiscal year, the project will be automatically terminated on June 30th without written notice to contract.

26. Forum for Enforcement Any controversy or claim arising out of, in connection with, or relating to this Contract or a breach thereof shall be settled by arbitration under the arbitration rules of the American Arbitration Association, Utah Board. The Statutes of the State of Utah shall govern the arbitration proceeding, and the proceeding shall be held in Salt Lake City, Utah. Anything to the contrary contained in the above mentioned rules and statutes notwithstanding, the parties consent that any papers, notices, or process necessary or proper for the institution or continuance of, or relating to any arbitration proceeding, or for the confirmation of an award and entry of judgment on any award made, including appeals in connection with any judgment or award, may be served on each of the parties by registered mail addressed to the party at the principal office of the party or by personal service on the party in or without the above mentioned state. The parties hereby recognize and consent to the above mentioned arbitration association's jurisdiction over each and every one of them.

27. Disputes Any dispute arising under this Contract, which is not resolved, by the STATE and CONTRACTOR shall be decided by a court of law under the terms of Section 26. **Forum for Enforcement.** Pending settlement of the final decision by the court, CONTRACTOR shall proceed diligently with the performance of the Contract in accordance with STATE's direction.